

**WHEN RECORDED, RETURN TO**  
**Mountain West Small Business Finance**  
**2595 East 3300 South**  
**Salt Lake City, Utah 84109**

Bt 15266

**SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT (hereinafter referred to as the "Agreement") is made and executed as of May 10, 2017 by and between HEARTHSTONE INVESTMENTS, LLC and Mountain West Small Business Finance for the benefit of its assignee, the SMALL BUSINESS ADMINISTRATION, an Agency of the Government of the United States of America (collectively hereinafter referred to as the "SBA").

**RECITALS**

A. There heretofore has been executed, delivered and recorded, for the benefit of HEARTHSTONE INVESTMENTS, LLC , the following:

Deed of Trust and Assignment of Rents in the amount of \$397,000.00 dated February 9, 2017 between C& C Assisted Living Manor, LLC as Trustor, First American Title Insurance Agency, LLC as Trustee, and Hearthstone Investments, LLC as Beneficiary, recorded February 10, 2017 as Entry No. 14686:2017, Utah County Recorder's Office.

B. The Document referred to in Paragraph A above is hereinafter referred to as the "HEARTHSTONE INVESTMENTS, LLC Document."

C. The HEARTHSTONE INVESTMENTS, LLC Document affects that certain real property located in Utah County, State of Utah, together with certain improvements now or hereafter located thereon, which real property is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

D. C&C ASSISTED LIVING MANOR, LLC is currently vested with fee title to the Property.

E. Conditional upon the execution of this Agreement, the SBA has agreed to make, or has made, a loan (hereinafter referred to as the "Loan") to C&C ASSISTED LIVING MANOR, LLC in the aggregate principal sum not to exceed \$872,000.00 to provide, in part, for the purchase of and /or construction of a building and improvements upon the Property. In connection with the Loan, the following described instruments have been, are being, or will be executed as evidence of the transaction or as security for the obligation of C&C ASSISTED LIVING MANOR, LLC related thereto:

(i) One (1) Promissory Note (hereinafter referred to as the "SBA Note") in the aggregate principal amount of \$872,000.00, payable as provided therein to the order of Mountain

West Small Business Finance.

(ii) One (1) Trust Deed, Fixture Filing and Assignment of Rents dated May 2, 2017 executed by C&C ASSISTED LIVING MANOR, LLC, as Trustor, to the SBA, as Trustee, in favor of Mountain West Small Business Finance, as Beneficiary, which shall, by separate instrument, be assigned to the SBA, covering the Property, and securing, among other things, the SBA Note.

F. All of the Documents and foregoing instruments referred to in Paragraph E above, together with such other instruments as have been, are being, or will be executed and delivered by C&C ASSISTED LIVING MANOR, LLC or by any guarantor or accommodation party, to or for the benefit of the SBA, in connection with the execution and delivery of the foregoing instruments are hereinafter collectively referred to as the "SBA Loan Documents."

G. The parties hereto desire that the SBA Loan fund and as a condition thereto, SBA requires this Subordination Agreement be signed and recorded.

NOW THEREFORE, for the reasons recited above, based upon the mutual promises set forth below, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, HEARTHSTONE INVESTMENTS, LLC and the SBA do hereby mutually covenant, consent, and agree as follows:

1. Incorporation by Reference. The Recitals, above, are incorporated herein by this reference.

2. Subordination of the HEARTHSTONE INVESTMENTS, LLC Document. The HEARTHSTONE INVESTMENTS, LLC Document together with any and all right, interest, estate, title, lien or charge against or respecting the Property (or any portion thereof) arising by virtue of the HEARTHSTONE INVESTMENTS, LLC Document shall be and the same are hereby made subject, subordinate, inferior, and junior to all rights, powers, title and authority of the SBA arising out of the SBA Loan Documents and each of them, including all ordinary costs incurred as fees, expenses, or charges in connection with the SBA Loan Documents or the SBA Loan advanced for unpaid property taxes or insurance required to be paid by the Trustor or collection costs involved in enforcing the terms of the SBA Loan Documents, the same and as fully as if the SBA Loan Documents had been executed and delivered and recorded or filed prior to the execution, delivery or filing of the HEARTHSTONE INVESTMENTS, LLC Document.

3. No Personal Liability. Notwithstanding any of the other provisions hereof, this Agreement is not intended to create, shall not be deemed to create, and does not create any personal liability on the part of HEARTHSTONE INVESTMENTS, LLC for repayment of the SBA Loan or on the part of SBA for repayment of the HEARTHSTONE INVESTMENTS, LLC Loan.

4. Obligation Current. The obligation secured by the HEARTHSTONE INVESTMENTS, LLC Document is paid current and HEARTHSTONE INVESTMENTS, LLC hereby certifies and promises that it is not aware of any adverse change to the credit worthiness of C&C ASSISTED LIVING MANOR, LLC.

5. Prepayment. Notwithstanding any provisions to the contrary in any instrument or document which memorializes or establishes the obligation secured by the HEARTHSTONE INVESTMENTS, LLC Document, HEARTHSTONE INVESTMENTS, LLC shall not require nor shall it accept payment or prepayment faster than the term of the SBA Note without SBA's prior written consent. To the extent Lender's note contains terms contrary to this requirement, said terms are hereby modified and amended to conform to this requirement. In the event HEARTHSTONE INVESTMENTS, LLC breaches this covenant, it agrees, upon request of SBA, to pay to SBA such amounts received in advance of a 20 year amortization.

6. SBA Requirements. The Loan was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.

b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

7. Authority. The persons executing this Agreement hereby warrant and represent that they have full power and authority to enter into this Agreement and to execute this Document.


8. Successors and Benefits. This Agreement is and shall be binding upon and shall inure to the benefit of HEARTHSTONE INVESTMENTS, LLC , SBA and their respective successors and assigns.

9. Integration Clause. This writing sets forth the entire understanding of the parties and oral representations may not alter or vary the terms of this agreement.


10. Attorney's Fees. In the event this Agreement is breached, costs and attorneys fees shall be awarded the prevailing party to any litigation or action to enforce the terms of this Agreement.

EXECUTED as the day and year first above written.

HEARTHSTONE INVESTMENTS, LLC

By:   
Title: MANAGER

MOUNTAIN WEST SMALL BUSINESS FINANCE

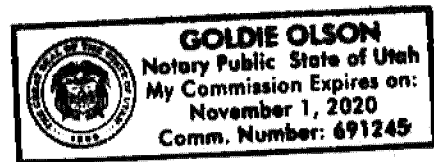
By:   
~~Debbie K. Harper, Vice President~~  
Robert Edminster

Subordination Agreement Notary Page

STATE OF UTAH )  
 )  
COUNTY OF Utah )  
:ss.

The foregoing instrument was acknowledged before me this May 2, 2017 by ~~Debbie K. Harper~~, Vice President, Mountain West Small Business Finance.  
*Robert Edminster*

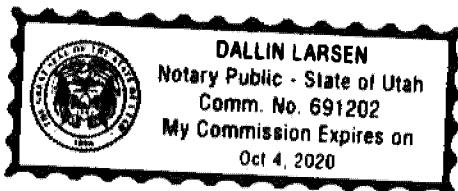
*Goldie Olson*  
\_\_\_\_\_, Notary Public



STATE OF UTAH )  
 )  
COUNTY OF Utah )  
:ss.

The foregoing instrument was acknowledged before me this May 10<sup>th</sup> 2017  
by *[Signature]* (name), Manager (title),  
HEARTHSTONE INVESTMENTS, LLC.

*Dallin Larsen*  
\_\_\_\_\_, Notary Public



## ***Exhibit "A"***

### **Property Description**

The land referred to is located in **Utah** County, State of **Utah**, and is described as follows:

Beginning at a point which is located North 1807.20 feet and West 23.83 feet from the South quarter corner of Section 29, Township 8 South, Range 3 East, Salt Lake Base and Meridian; thence North  $00^{\circ}14'16''$  West 320.72 feet; thence South  $89^{\circ}26'58''$  West 148.55 feet; thence West 81.09 feet; thence South 321.32 feet; thence North  $89^{\circ}29'51''$  East 230.98 feet to the point of beginning.

(27:039:0281)